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FISCAL IMPACT STATEMENT

LS 6231

BILL NUMBER: SB 107

NOTE PREPARED: Jan 28, 2011

BILL AMENDED: Jan 27, 2011

SUBJECT: Disposal of State-Owned Real Estate.

FIRST AUTHOR: Sen. Charbonneau

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State

Summary of Legislation: (Amended) This bill provides that the Department of Administration (IDOA) may sell real property owned by the state by use of a request for proposals. It requires certain documentation to be kept if the IDOA negotiates a sale of state-owned real property with a potential buyer. It provides that the IDOA may dispose of state-owned real property involved in a dispute by exchanging the state-owned real property for property of like value, regardless of the value of the state-owned real property to be transferred. (Under current law, such an exchange may not be made if the value of the state-owned real property exceeds \$10,000.) The bill provides that state-owned real property may also be exchanged for other real property to improve the state's ability to manage state property or to improve access to state property. It requires the Division of Historic Preservation and Archeology of the Department of Natural Resources to notify the IDOA of the results of its review of the state-owned real property proposed for disposition not later than 30 days after receiving notice from the IDOA of the intent to dispose of the state-owned real property. It excludes a public works project with an estimated cost of less than \$150,000 from certain bidding requirements. (Current law excludes a public works project with an estimated cost of less than \$75,000.) The bill also requires that the Public Works Division include as part of a public works contract provisions for retaining portions of certain payments if the estimated cost of the public works project is more than \$1 M. (Current law requires the provisions to be included if the estimated cost of the public works project is more than \$150,000.)

Effective Date: July 1, 2011.

Explanation of State Expenditures: *Indiana Department of Administration (IDOA):* The IDOA would incur some administrative expenses relating to this bill's provisions. The IDOA's existing level of resources should be sufficient to implement this change with no additional appropriations, assuming near customary agency

staffing and resource levels.

Division of Historic Preservation and Archeology (DHPA): This bill requires the DHPA to notify the IDOA regarding the results of the review of the disposition of state-owned real property within 30 days after receiving notice from the IDOA of the intent to dispose of the property. The DHPA's existing level of resources should be sufficient to implement this change with no additional appropriations, assuming near customary agency staffing and resource levels.

(Revised) *Public Works Projects.* This bill changes the thresholds for the estimated costs for public works projects in the competitive bidding process to less than \$150,000 and at least \$150,000. Current statute provides thresholds of at least \$25,000, \$75,000, and less than \$75,000. This change may provide some savings to the extent that the process is streamlined to prevent any duplication of work. There could also be savings to the extent that projects will be able to be accomplished through existing workforce without the need to contract for additional outside services in some cases.

The bill also provides that if projects are estimated to cost \$1 M, the Division of Public Works will withhold a portion of the value of the project until the project is complete and invest this portion in an escrow account. Current statute provides that projects estimated to cost \$150,000 or more are subject to this provision. By changing the threshold for the estimated costs of projects to \$1 M, there may be some reduction in administrative costs due to a decrease in paperwork.

Background Information - This bill allows the IDOA to sell property through the request for proposals in addition to competitive bids and auction permitted under current law. It requires that in order for the IDOA to enter into negotiations with the respondent that has the highest offer, the negotiations must be documented. The negotiation documentation (excluding proprietary information) is subject to public inspection after the transfer of the property. Proper documentation includes the following:

- (1) A log of the date and time of each meeting with a respondent, including the respondent identity.
- (2) A description of the nature of all communications with a respondent.
- (3) A copy of all written, including electronic, communication with each respondent.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: IDOA; DHPA.

Local Agencies Affected:

Information Sources:

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